

**CALENDAR ITEM
C57**

A 35

06/28/16

PRC 8204.1

S 17

R. Collins

REVISION OF RENT

LESSEE:

AT&T Corp.
1 AT&T Way, Room 3D 151F
Bedminster, NJ 07921

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, offshore of Montaña de Oro State Park, San Luis Obispo County.

AUTHORIZED USE:

Continued use and maintenance of one fiber optic cable, identified as the south end of Segment 9, which constitutes a portion of the Japan-U.S. Fiber Optic Cable Network.

LEASE TERM:

15 years, beginning July 1, 2010.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that rent be revised from \$96,697 per year to \$115,042 per year, effective July 1, 2016.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjacent to the Lease Premises.
2. On October 29, 2010, the Commission authorized a General Lease Non-Exclusive Right-of-Way Use to AT&T Corp. for a term of 15 years, for the continued use and maintenance of one fiber optic cable, identified as the south end of Segment 9, which constitutes a portion of the Japan-U.S. Fiber Optic Cable Network. The Lease will expire June 30, 2025.

CALENDAR ITEM NO. **C57** (CONT'D)

3. The lease includes a condition requiring cable burial inspection surveys to be performed every five years. The most recent burial inspection surveys were conducted in the fall of 2015, and staff is in the process of reviewing the results. The lease does not include oil or gas pipelines that might release petroleum products into the environment, however surveys are required to verify that the cables remain buried and are not a threat to commercial and recreational fishing. The 2010 survey of this line did not show any exposed cables.
4. This proposed action is consistent with Strategy 2.1 of the Commission's Strategic Plan to optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.
5. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 8204.1 from \$96,697 per year to \$115,042 per year, effective July 1, 2016.

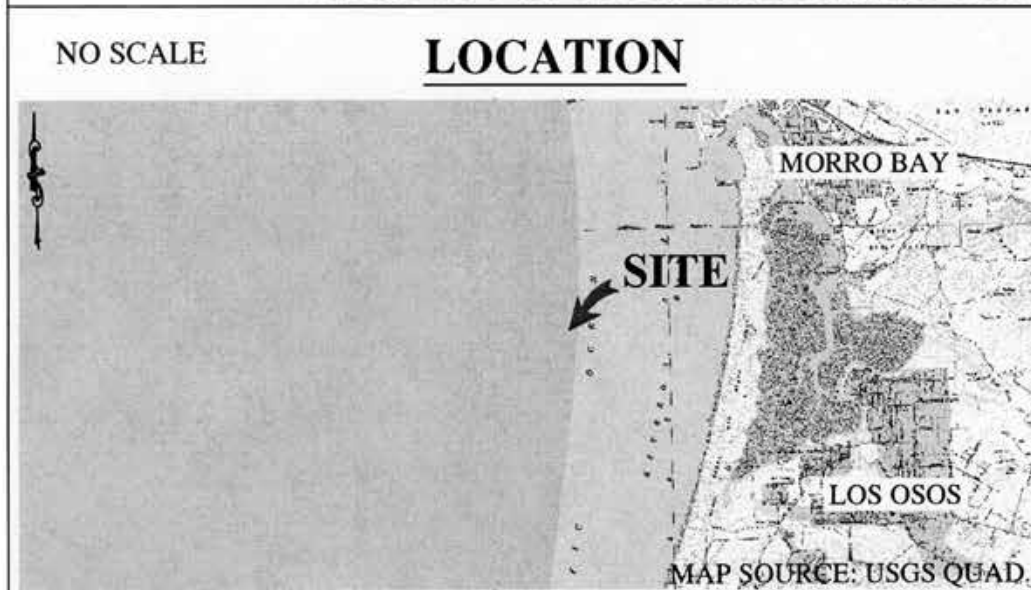
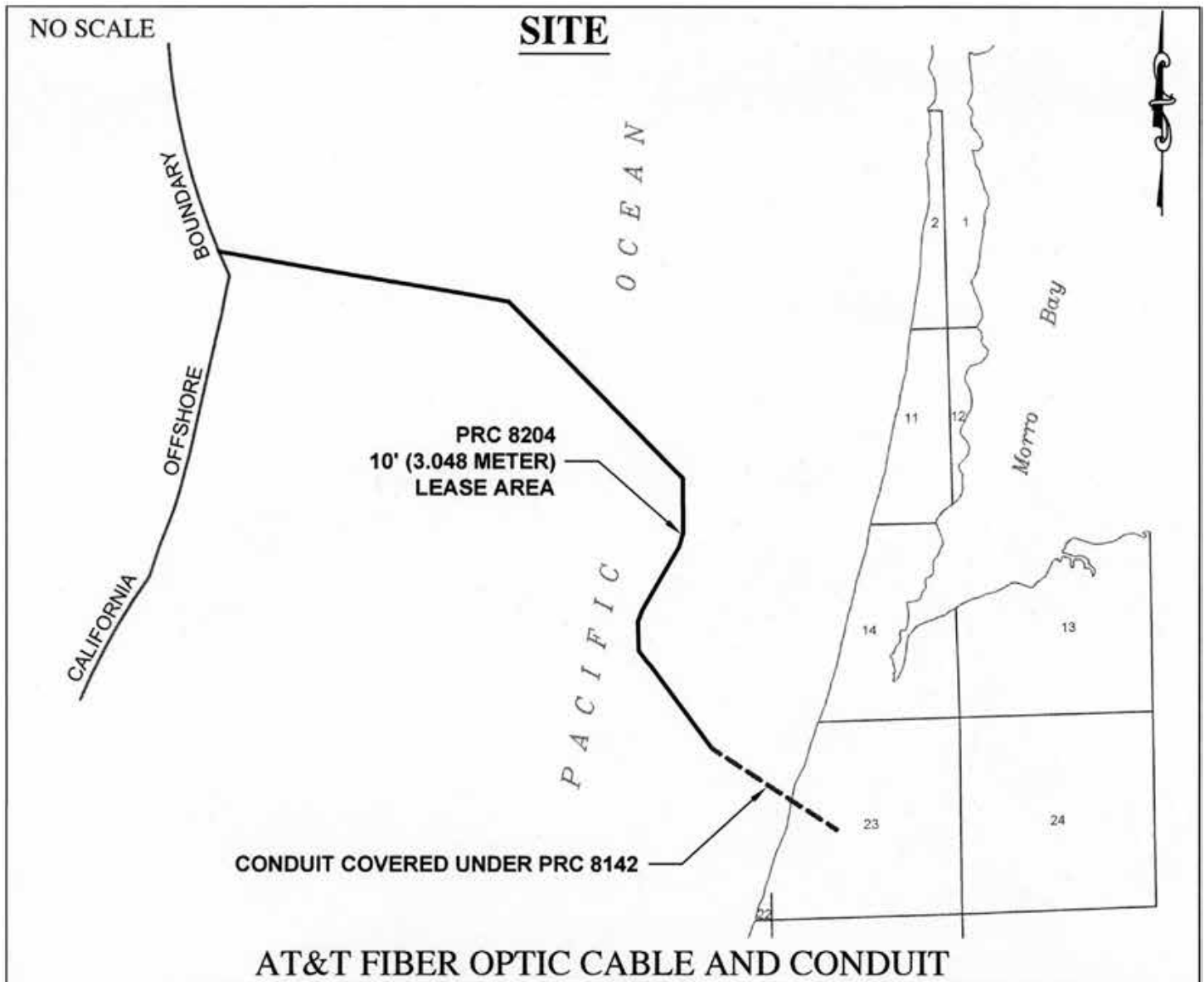


Exhibit A

PRC 8204.1
AT&T CORP.
GENERAL LEASE -
RIGHT-OF-WAY USE
SAN LUIS OBISPO CO.



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.